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# AZERBAIJAN COMPETITIVENESS AND TRADE (ACT) PROJECT

*Analytical Note & Draft Amendments: WTO Conformity of Draft Law  
On Provision of Intellectual Property Rights and Fight Against Piracy  
(April 2012 version)*

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# Azerbaijan Competitiveness and Trade (ACT) Project

Analytical Note & Draft Amendments:  
WTO Conformity of Draft Law On Provision of  
Intellectual Property Rights and Fight Against  
Piracy  
(April 2012 version)

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## INTRODUCTION

In order to meet its enforcement commitments under the WTO Agreement on Trade-Related Aspects of Intellectual Property (“TRIPS Agreement”), the Copyright Agency of the Republic of Azerbaijan has developed the Draft Law On Provision of Intellectual Property Rights and Fight Against Piracy (“Draft Anti-Piracy Law”). The Draft Anti-Piracy Law aims to provide TRIPS Agreement-level enforcement measures, applicable to all subject matter covered under the Agreement: copyrights, related rights, trademarks, geographical indications, industrial designs, patents, plant varieties, integrated circuits, and undisclosed information. The TRIPS Agreement requires that WTO members provide legal mechanisms - including fair procedures and remedies, provisional measures, border measures, and criminal procedures and penalties - through which all right holders may enforce their rights.

The Draft Anti-Piracy Law has undergone numerous revisions in response to WTO Working Party questions, governmental input, and recommendations from the USAID TIRSP and ACT Projects. Throughout this process, the Draft Law has improved in terms of TRIPS Agreement compliance. For example, the latest version, made available in April 2012, continues the Draft Anti-Piracy Law’s transition from a copyright enforcement law only, toward general applicability to all areas of intellectual property rights. It also reflects the deletion of some border enforcement provisions which were both inadequate under the TRIPS Agreement and in conflict with the Customs Code.

However, the April 2012 revision of the Draft Anti-Piracy Law remains inconsistent with the TRIPS Agreement on the following points:

- Basic definitions either violate the TRIPS Agreement or contradict the substantive Azerbaijani laws that the Draft Anti-Piracy Law purports to enforce
- The Draft Anti-Piracy Law’s transition from a copyright enforcement law only, to a law generally applicable in all areas of intellectual property rights, remains incomplete
- According to its own definitions, the Draft Anti-Piracy Law does not provide enforcement protection for rights in industrial designs, plant varieties, integrated circuits or undisclosed information
- The Draft Anti-Piracy Law does not properly provide for compensatory damages as required under TRIPS Agreement Article 45
- Injunctive remedies are not provided to the extent required under TRIPS Agreement Articles 44 and 46

- The Draft Anti-Piracy Law does not provide for the indemnification of defendants required under TRIPS Agreement Article 48
- The draft article covering provisional measures does not meet the requirements of TRIPS Agreement Article 50
- References to border measures require inclusion of regulations which compensate for TRIPS Agreement deficiencies in the Customs Code

In short, the April 2012 version of Draft Anti-Piracy Law retains many of the TRIPS Agreement violations contained in earlier drafts. Thus, most of the compliance concerns articulated in the most recent round of US and EU WTO Questions, as well as via ongoing input by the USAID ACT Project, still require action by the Copyright Agency.

Each of these compliance concerns is addressed, with model amendments and explanations, in the table below. All recommended amendments should be adopted in order to address stated WTO Member concerns and to achieve full harmonization with enforcement standards set forth in the WTO TRIPS Agreement.

Existing Draft Law Provisions	Revised Provisions	Rationale for Proposed Change
<p><b>Article 1. Main definitions</b></p> <p style="text-align: center;">* * *</p> <p><b>1.0.1 Intellectual property rights</b> – rights for works, performances, phonograms, programs of broadcasting agencies, integrated scheme topologies, data-sets, folklore samples (traditional-cultural samples), inventions, utility models, industrial samples, trademarks, geographical indications;</p>	<p><b>Article 1. Main definitions</b></p> <p style="text-align: center;">* * *</p> <p><b>1.0.1 Intellectual property rights</b> – Exclusive rights as defined under the legislation referenced in Article 2.2 of this Law;</p>	<p>As noted in US Question 57, the Draft Anti-Piracy Law’s definition of “intellectual property rights” is inadequate: it mixes an incomplete list of forms of intellectual property rights with a few examples of specific objects of intellectual property rights. The proposed definition links the Draft Anti-Piracy Law’s definition of “intellectual property rights” with those in each of the laws that it enforces, thus addressing the US concern and eliminating the current disconnect between those laws.</p> <p>Related to this recommendation, see recommendations on Article 2.2 of the Draft Anti-Piracy Law, below.</p>
<p><b>Article 1. Main definitions</b></p> <p style="text-align: center;">* * *</p> <p><b>1.0.3 Audiovisual work</b> - description of cinematographic works and other works (tele-video films, diafilms, slidefilm, animation film etc.) expressed with means that are similar to cinematographic means that are interrelated and create the idea of movement and that are intended for visual (auditory) perception with the assistance of relevant technical equipment, consisting of series of images (accompanied with sound,</p>	<p style="text-align: center;"><b>[delete all]</b></p>	<p>The definition section the April 2012 Draft Anti-Piracy Law continues to reflect the Draft’s origins as a copyright enforcement law only. It includes several copyright and related rights definitions, but no definitions specifically related to other areas of intellectual property such as patents, geographical indications, undisclosed information, and so forth. Even more problematic is that some of these definitions contradict the Copyright Law’s definitions of the same terms. These inconsistent and unneeded definitions should be deleted.</p>

<p>or not) fixed in various types of media;</p> <p><b>1.0.4 Phonogram</b> – exceptional sound recording of performances and other voices in a relevant media;</p> <p><b>1.0.5 Computer software</b> – a set of words, codes, schemes, and other type of instructions that is expressed in a form that is readable by machine and that put a computer in motion for achieving a certain goal or result (computer software covers both operation systems and applications expressed in preliminary or object codes);</p> <p><b>1.0.6 Data-set</b> – an objective form of presentation on a relevant media of works, data, and other materials developed in a systemic or methodical order and that can be obtained electronically or through other means;</p> <p style="text-align: center;">* * *</p>		<p>If preferred, references to the proper definitions in the Copyright Law could be added.</p>
<p><b>Article 1. Main definitions</b></p> <p style="text-align: center;">* * *</p> <p><b>1.0.9 Pirate copy</b> – copies of a work, phonogram, computer software, data-set and book prepared (produced) or distributed without a consent of the author or owner of related rights (such copies prepared (produced) in the country of origin are considered as pirate products in</p>	<p><b>Article 1. Main definitions</b></p> <p style="text-align: center;">* * *</p> <p><b>1.0.9 Pirated copyright goods</b> - Any goods which are copies made without the consent of the right holder (or of his authorized agent in the country of production), and which are made directly or indirectly from an article, where the making of that copy would have</p>	<p>As noted in EU Question 17, the Draft Anti-Piracy Law definitions of pirated and counterfeit goods continue to contradict TRIPS Agreement Note 14 definitions. Even if the Draft's unusual definition of "counterfeit goods" as relating to patents, trademarks and geographical indications were accepted, each of the Draft's many references to "pirate copies or counterfeit goods" would exclude enforcement protection for goods violating rights in</p>

<p>the country of import (export) as well);</p> <p><b>1.0.10. Piracy</b> – preparation (reproduction) and distribution of a pirate product;</p> <p><b>1.0.11 Counterfeit goods</b> – goods containing subjects protected with patent right and prepared (produced) without the consent of a rights holder, as well as goods that are illegally supplied with trademarks, geographical indications or marks that are so similar to them that can be mixed (such goods prepared (produced) in the country of original are considered as counterfeit in the country of import (export) as well).</p>	<p>constituted copyright or related rights infringement under the Law “On Copyright and Related Rights;”</p> <p><b>1.0.10 Counterfeit trademark goods -</b> Any goods, including packaging, bearing an unauthorized mark which is identical to the trademark registered in respect of such goods, or which cannot be distinguished in its essential aspects from such a trademark, and which infringes the markholder’s rights under the Law “On Trademarks and Geographical Indications;”</p> <p><b>1.0.11 Infringement</b> - Any violation of an intellectual property right as defined under the legislation referenced in Article 2.2 of this Law;</p>	<p>industrial designs, plant varieties, integrated circuits, and undisclosed information. Further, the Draft Anti-Piracy Law does not define one of the most important terms used in the law: “infringement.”</p> <p>The recommended amendments set forth the proper definitions, both for TRIPS Agreement compliance and to create comprehensive application of enforcement for all intellectual property protected under Azerbaijani law.</p> <p>Throughout the Draft, references to “pirate copies or counterfeit goods” should be changed to “infringing goods,” and the Law’s title should eliminate the use of the narrow, copyright-related term “piracy.”</p>
<p><b>Article 2. The Law’s coverage</b></p> <p style="text-align: center;">* * *</p> <p><b>2.2</b> Issues in the sphere of intellectual property rights not provided for in this Law, are regulated by the Constitution of the Republic of Azerbaijan, Law of the republic of Azerbaijan “On Copyright and related rights”, “On Patent”, “On Trademarks and Geographical Indications”, “On legal protection of data-sets”, “On legal protection of integrated scheme topologies”, “On legal protection of samples of Azerbaijan folklore”, other</p>	<p><b>Article 2. The Law’s coverage</b></p> <p style="text-align: center;">* * *</p> <p><b>2.2</b> Issues in the sphere of intellectual property rights not provided for in this Law, are regulated by the Constitution of the Republic of Azerbaijan, Law of the republic of Azerbaijan “On Copyright and related rights”, “On Patent”, “On Trademarks and Geographical Indications”, “On legal protection of data-sets”, “On legal protection of integrated scheme topologies”, “On Protection of New Plant Varieties”, “On Commercial</p>	<p>The recommended amendment ensures comprehensive linkage of the Draft’s enforcement provisions to all areas of intellectual property rights covered under the TRIPS Agreement.</p>

statutory acts and international contracts of the Republic of Azerbaijan.  * * *	Secrets”, “On legal protection of samples of Azerbaijan folklore”, other statutory acts and international contracts of the Republic of Azerbaijan.  * * *	
<b>Article 6. Payment for the damage</b>  <b>6.1</b> The court has the right to make a decision on compensation of the rights holder’s losses in cases when it does not know that the acts of the infringer regarding illegal usage of intellectual property or there are not enough grounds to know this, as well.  * * *	<b>Article 6. Payment for the damage</b>  <b>6.1</b> The court has the right to order an infringer to pay a right holder damages adequate to compensate for the injury the right holder has sustained because of an infringement of his intellectual property right by an infringer who knowingly, or with reasonable grounds to know, engaged in infringing activity.  * * *	US Question 59 (citing TRIPS Agreement Article 41.1 but quoting TRIPS Agreement Article 45.1), raises a concern that the Draft Anti-Piracy Law’s damages provision does not provide safeguards to ensure that damages are “adequate to compensate for the injury the rightholder has suffered.”  The recommended amendment ensures compliance with TRIPS Agreement damages requirements.
<b>Article 7. Measures stipulated in a court decision</b>  [no provision]	<b>Article 7. Measures stipulated in a court decision</b>  <b>7.1</b> The court has a right to pass a relevant final decision ordering any party participating in the court proceedings to desist from an infringement.	As EU Question 18 notes, the Draft Anti-Piracy Law does not provide for injunctive relief as a permanent remedy as required under TRIPS Agreement Article 44. A TRIPS-compliant provision was included in an earlier version of the Draft Law, but has been deleted.  Because the Draft Anti-Piracy Law purports to provide remedies for intellectual property rights violations, it should incorporate this very basic remedy. The recommended provision is based on TRIPS Agreement Article 44(1) and a provision previously included in the Draft,

<p>The court has a right to make decisions regarding removal from the trade network of goods that cause infringements without payment of compensation, removal, confiscation or revocation of materials and equipment used in the preparation (production) of illegal goods. Legal interests of third persons must be taken into account in consideration of such cases.</p>	<p><b>7.2</b> The court may order removal from the trade network and disposal or destruction of goods found to be infringing. Such removal may be ordered without compensation of any sort, and shall be carried out in such a manner as to avoid any harm caused to the right holder. The court further has a right to make decisions ordering that materials and equipment used in the preparation (production) of infringing goods be, without compensation of any sort, disposed of outside the trade network in such a manner as to minimize the risk of further infringements.</p> <p>Legal interests of third persons, as well as the need for proportionality between the scope of the infringement and the remedies ordered, must be taken into consideration when reviewing requests for remedies under this paragraph. In regard to counterfeit trademark goods, the removal of a trademark unlawfully affixed shall not be sufficient to permit release of the goods into the trade network.</p>	<p>expanded to apply beyond pirate and counterfeit goods.</p> <p>Article 7 of the Draft Anti-Piracy Law provides for relief from infringement in the form of court orders to remove infringing goods from the trade network, as well as removal, confiscation or revocation of materials and equipment used in the production of illegal goods. Such a provision is required under TRIPS Agreement Article 46. However, as EU Question 20 suggests, the provision does not include integral, mandatory limitations such as proportionality, as well as rightholder protections, safeguards against further infringements, and limits on the release of counterfeit goods into commerce.</p> <p>The recommended amendment meets TRIPS Agreement requirements in this regard.</p>
<p><b>[no provision]</b></p>	<p><b>Article 7.5. Indemnification</b></p> <p>The court has a right to pass a decision ordering a party who has abused enforcement procedures, and at whose request enforcement measures were</p>	<p>TRIPS Agreement Article 48(1) requires that intellectual property enforcement measures be qualified by specific protections and compensations for defendants who are damaged by the abuse of such measures. The Draft Anti-</p>

	<p>taken, to provide to a party wrongfully enjoined or restrained adequate compensation for the injury suffered because of such abuse of procedures. The court also has a right to pass a decision ordering an applicant to pay the opposing party's expenses, which may include appropriate attorney's fees.</p>	<p>Piracy Law includes such protections only in the context of some cases of temporary measures taken wrongly, but not more broadly regarding all enforcement measures taken wrongly as a result of abuse of enforcement procedures, as required by the TRIPS Agreement.</p> <p>The indicated text should be added, for example, after existing Article 7 of the Draft.</p>
<p><b>Article 9. Measures to secure the claim</b></p> <p><b>9.1</b> The court has a right to pass a decision regarding urgent and efficient temporary measures for the allowance of a civil claim, in accordance with this Law and Code of Civil Procedure of the Republic of Azerbaijan.</p> <p><b>9.2</b> Measures for the allowance of the claim related with the violation of intellectual property rights are implemented for the following purposes:</p> <p style="padding-left: 40px;"><b>9.2.1</b> prevention of the preparation (production) and distribution with various methods of pirate copies or counterfeit goods causing violation of intellectual property rights;</p> <p style="padding-left: 40px;"><b>9.2.2</b> prevention of the inclusion of pirate copies or counterfeit goods into distribution networks;</p> <p style="padding-left: 40px;"><b>9.2.3</b> protection of evidences</p>	<p><b>Article 9. Measures to secure the claim</b></p> <p><b>9.1</b> The court has a right to pass a decision regarding urgent and effective provisional measures.</p> <p><b>9.2</b> Provisional measures shall be available for the following purposes:</p> <p style="padding-left: 40px;"><b>9.2.1</b> to prevent the infringement of an intellectual property right, and in particular to prevent the entry into the national trade network of goods, including imported goods directly after customs clearance;</p> <p style="padding-left: 40px;"><b>9.2.2</b> to preserve evidence relevant to an alleged infringement of intellectual property rights.</p>	<p>US Questions 64 - 66 and EU Question 21 identify a number of TRIPS Agreement compliance issues within the provisional measures text of the Draft Anti-Piracy Law. This text, at Article 9 of the April 2012 draft, has been re-written. Nevertheless, the rewritten version retains the identified TRIPS Agreement violations. Article 9 contradicts TRIPS Agreement Article 50(1) requirements on the bases for provisional measures; Article 50(3) requirements for evidentiary standards and for preventing abuse; Article 50(4) requirements on expedited hearings in <i>inaudita altera parte</i> hearings; and Article 50(6) requirements respecting expedited <i>inaudita altera parte</i> hearings.</p> <p>Finally, the Draft Anti-Piracy Law provisional measures continue to refer to "pirate copies or counterfeit goods," which, as currently defined in the draft law itself, excludes application of provisional</p>

<p>regarding assumed infringements of intellectual property rights.</p> <p><b>9.3</b> The court may apply measures to secure the claim stipulated in the Civil Procedure Code of the Republic of Azerbaijan.</p> <p><b>9.4</b> If there is any delay in the making of decision causes unrecoverable damage or if there is a significant risk of destruction of evidences, the court gives judgement to secure the claim without participation of the defendant or other persons participating in the case, however they shall be immediately informed about the given judgement.</p> <p><b>9.5</b> The claimant shall submit evidence confirming his/her being right holder and violation of the rights, or inevitability of such delinquency.</p> <p><b>9.6</b> The court may require the defendant</p>	<p><b>9.3</b> If any delay in the implementation of provisional measures might result in irreparable damage to the right holder, or if there is a demonstrable risk of destruction of evidence, provisional measures may be taken without notifying the respondent. However, the parties shall immediately be informed after the provisional measures have been taken.</p> <p><b>9.4</b> Where provisional measures have been taken without notifying the respondent, the respondent may request a review, including a right to be heard, with a view to deciding, within a reasonable period after the notification of the measures, whether the provisional measures shall be modified, revoked or confirmed.</p> <p><b>9.5</b> The court may require the applicant to present reasonable evidence that it is the right holder, and that the applicant's right is being infringed or that such infringement is imminent.</p> <p><b>9.6</b> The court may require the applicant to</p>	<p>measures to many kinds of intellectual property rights.</p> <p>The recommended amendment takes account of TRIPS Agreement Article 50 requirements as a whole, retaining those parts of Draft Anti-Piracy Law Article 9 which do not violate TRIPS.</p>
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<p>to submit sufficient collateral or equally-priced guarantee for compensating the loss that the respondent has undergone if the infringement is not proven and as a result of application of temporary measures.</p> <p style="text-align: center;">* * *</p> <p><b>9.8</b> If within 20 working days from the date of submission to the court of application on civil cases regarding the violation of intellectual property rights the court investigations have not been initiated in the results of actions (inaction) of the claimant the court may cancel measures for the provision of the claim after hearing persons participating in the case based on the request of the defendant.</p> <p style="text-align: center;">* * *</p>	<p>provide sufficient security or other assurance to protect the respondent and to prevent the abuse of legal process.</p> <p style="text-align: center;">* * *</p> <p><b>9.8</b> Without prejudice to subparagraph 4 of this Article, provisional measures shall, upon request by the respondent, be revoked or otherwise cease to have effect, if proceedings leading to a decision on the merits of the case are not initiated within 20 working days.</p> <p style="text-align: center;">* * *</p>	
<p><b>Article 10. Border measures</b></p> <p>Measures for the protection of intellectual property rights, as well as prevention of the import (export) of pirate and counterfeit goods, shall be regulated by the Customs Code of the Republic of Azerbaijan.</p>	<p><b>Article 10. Border measures</b></p> <p>Measures for the protection of intellectual property rights, as well as prevention of the import (export) of infringing goods, shall be regulated by the Customs Code of the Republic of Azerbaijan and other implementing legislation and normative acts adopted by relevant executive authorities.</p>	<p>The April 2012 version of the Draft Anti-Piracy Law reflects the deletion of many border enforcement-related provisions questioned, under US Question and EU Question 22 (as well EU Question 45 in an earlier set of questions), as problematic under TRIPS Agreement Articles 51 <i>et seq.</i> The deletion is a positive development, because the border measures set out in earlier drafts were both incomplete under TRIPS, and in conflict with overlapping provisions in the Customs Code.</p>

		<p>The recommended amendment simply corrects the current erroneous reference to pirate and counterfeit goods, and adds a reference to implementing regulations. The latter is necessary, as the implementing regulations currently under development will be an integral part of the national customs legislation, compensating for TRIPS Agreement deficiencies in the Customs Code until such time as that Code can be amended.</p>